

# **GEORGE KENT (MALAYSIA) BERHAD**

*Registration No. 195101000005 (1945-X)*

Minutes of the Seventy-First Annual General Meeting of the Company conducted virtually on Thursday, 22 September 2022 at 11:00 a.m. from the Broadcast Venue at Boardroom of Johan Holdings Berhad, 11<sup>th</sup> Floor, Wisma E&C, No. 2 Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur and via our Share Registrar's online meeting platform at [www.johanmanagement.com.my](http://www.johanmanagement.com.my) on Thursday, 22 September 2022, at 11.00 a.m.

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## **AT THE BROADCAST VENUE**

### **Chairman of the Board:**

Tan Sri Dato' Tan Kay Hock

### **Company Secretary:**

Mr Teh Yong Fah

### **Poll Administrator – Propoll Solutions Sdn Bhd:**

Ms Joey Kok Kwan Yee

Mr Danny Yap Kee Kong

### **Independent Scrutineer – Symphony Corporate Services Sdn Bhd:**

Mr Eric Tan Kai Meng

## **VIA VIDEO CONFERENCE**

### **Board of Directors:**

Puan Sri Datin Tan Swee Bee

Mr Ong Seng Pheow

Dato' Paduka (Dr.) Ir. Hj. Keizrul bin Abdullah

Dato' Ahmad Khairummuzammil Bin Mohd Yusoff

Mr Ooi Chin Khoon

### **Management Staff:**

Mr Ong Kum Weng

Ms Tan Lai Peng

Ms Hing Sok Guak

Ms Juliet Choong Wai Gaik

Mr Loh Choon Fatt

Ms Catherine Kim Pei Wen

- General Manager, Finance & Control
- Assistant General Manager – Finance
- Senior Manager – Finance
- Senior Manager – Communications
- Manager – Finance
- Manager – Finance

### **Auditors - Grant Thornton Malaysia PLT:**

Mr Kho Kim Eng

Mr Jeffrey Lim Wing Szeon

Ms Tang Jia Min

### **Joint Company Secretary:**

Ms Gan Lee Mei

The attendance of shareholders, corporate representatives and proxies via the online meeting platform at [www.johanmanagement.com.my](http://www.johanmanagement.com.my) using Remote Participation and Voting ("RPV") facilities was as per the attendance list.

## **GEORGE KENT (MALAYSIA) BERHAD**

*Registration No. 195101000005 (1945-X)*

*Minutes of 71<sup>st</sup> AGM held on Thursday, 22 September 2022 at 11.00 a.m. – Cont'd*

### **1. CHAIRMAN**

Tan Sri Dato' Tan Kay Hock presided as Chairman of the Seventy-First Annual General Meeting ("71<sup>st</sup> AGM") of George Kent (Malaysia) Berhad ("George Kent" or "the Company").

The Chairman, on behalf of the Board of Directors ("the Board"), welcomed the shareholders, corporate representative and proxies to the 71<sup>st</sup> AGM of the Company ("Members") which was conducted virtually.

### **2. QUORUM AND NOTICE OF MEETING**

As the requisite quorum being present, the Chairman called the meeting to order. The Chairman informed that the notice convening the 71<sup>st</sup> AGM of the Company had been circulated to all shareholders and advertised in *The New Straits Times* newspaper on 29 July 2022. With the permission from the Members, the notice convening the 71<sup>st</sup> AGM was taken as read.

### **3. INTRODUCTION**

The Chairman informed that the 71<sup>st</sup> AGM was conducted virtually and live-streamed from the Broadcast Venue. All the other Board members, namely Puan Sri Datin Tan Swee Bee, Dato' Ahmad Khairummuzammil Bin Mohd Yusoff, Dato' Paduka (Dr.) Ir. Hj. Keizrul bin Abdullah, Mr. Ong Seng Pheow, and Mr. Ooi Chin Khoon, as well as the External Auditors and our Management personnel are in attendance via video conference.

### **4. VOTING AND MEETING PROCEDURES**

The Chairman reported that the Company had received 19 proxy forms from shareholders holding a total of 216,295,024 ordinary shares, representing 41.44% of the total issued shares of the Company (excluding treasury shares), appointed the Chairman as proxy to vote on their behalf, in favour of all the six (6) Ordinary Resolutions.

The Chairman informed that Members could raise questions on the matters related to the Agenda of the 71<sup>st</sup> AGM via the query box on the online meeting platform. The Board would endeavour to address all the relevant questions at the Meeting. For those questions which are not addressed at the Meeting, The Board will provide the respond either via e-mail or to post it on the Company's website after the Meeting. The Board had received some questions prior to the 71<sup>st</sup> AGM and the responses would be presented during the Question-and-Answer session.

The Chairman informed the Members that all the Resolutions as set out in the Notice of 71<sup>st</sup> AGM would be voted by poll in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The polling would be conducted electronically via the Remote Participation and Voting ("RPV") facility provided by Propoll Solutions Sdn Bhd, the Poll Administrator. Symphony Corporate Services Sdn Bhd was the appointed Independent Scrutineers to verify the poll results.

A short video on how the Members can access the online voting platform to cast their votes was played at the Meeting.

**5. CHAIRMAN ADDRESS**

The Chairman presented an overview of the Group's performance of yet another eventful year. He reported that despite a challenging business landscape heavily impacted by the Covid-19 pandemic during the financial year 2022, the Group recorded commendable performance by achieving revenue of RM355.22 million compared to RM310.83 million for the 14-month financial period ended 31 March 2021 and Profit Before Tax of RM44.06 million. These results were driven by the diligent execution of the Group's on-going construction projects to meet the completion deadline and higher sales volume of the metering business which has continued to perform well as global demand for the Group's renowned water meters remain strong.

George Kent continues to reward shareholders with good dividends in spite of the uncertain economic environment. Total dividend paid out for the financial year 2022 amounted to RM13.06 million representing a dividend pay out to earnings ratio of 41.7% against a ratio of 37.6% for the financial period ended 31 March 2021. This shows that George Kent continues to be a good investment.

For much of early 2022, there was a sense of cautious optimism that we might have finally put the worst of the Covid-19 pandemic behind us. However, inflationary pressures from higher input prices and the uncertainties caused by the Russian-Ukraine conflict continue to pose challenges for a full recovery of global economies. The Group had implemented several initiatives encompassing cost management, supply chain optimization, smart procurement and productivity improvement through automation which helped in absorbing escalation in input costs.

The Board is optimistic of the Group's prospects, given our ongoing strategies and long-term plans. It is the Group's strategy to continue to consolidate George Kent brand and position as the preferred provider of metering products. Further, the Group remains confident to be a leading innovator in providing metering solutions in the global market leveraging on the superior quality products, execution excellence and investments in technology.

The Board's top priority remains ensuring the Group maintains its business resilience, providing a safe workplace for its employees while continuing to deliver to its customers and meeting shareholders' expectation. In short, George Kent must continue performing and to deliver for our shareholders.

The Board will continue to take an active and disciplined approach to capital management and better utilisation of existing infrastructure to ensure a cost structure that enables the Group to invest in growth opportunities that will deliver sustainable results.

Meanwhile, the Board continues to have an oversight on the sustainability direction of the Group and remains committed to drive our sustainability agenda and maintain our inclusion in the FTSE4Good Bursa Malaysia Index and the FTSE4Good Bursa Malaysia Shariah Index.

The Chairman reported that George Kent is well placed to succeed and grow as the needs and expectations of the stakeholders evolve.

A slide presentation on the Group's financial results highlights, milestones, awards and certifications achieved for financial year 2022 was played at the AGM for Members' information.

The Chairman announced that the voting session was opened for Members to cast their votes and he proceeded to deal with the business of the Meeting.

**6. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 AND THE REPORTS OF THE DIRECTORS AND AUDITORS**

The audited financial statements of the Company for the financial year ended 31 March 2022 and the Reports of the Directors and Auditors were tabled. No voting by Members is required for this Agenda item.

It was recorded that the audited financial statements of the Company for the financial year ended 31 March 2022 and the Report of Directors and Auditors had been duly tabled and received by the Shareholders.

The Chairman proceeded to deal with the next item on the Agenda.

**7. RE-ELECTION OF DIRECTORS RETIRING BY ROTATION**

- (i) Under Agenda 2 (a), the Chairman tabled Ordinary Resolution 1 to the vote by poll:

“To re-elect Puan Sri Datin Tan Swee Bee, who retires pursuant to Clause 90 of the Constitution of the Company and being eligible, has offered herself for re-election.”

Explanatory Note 1 of the Notice of 71<sup>st</sup> AGM set out information in respect of Puan Sri Datin Tan Swee Bee's eligibility to stand for re-election.

- (ii) Agenda 2 (b) was in respect of Mr. Ong Seng Pheow's retirement by rotation as a Director. As stated in the Notice of 71<sup>st</sup> AGM, Mr. Ong has expressed his desire not to offer himself for re-election as Director at the 71<sup>st</sup> AGM and that he shall retire as a Director of the Company at the conclusion of the 71<sup>st</sup> AGM.

The Board placed on record its appreciation of Mr. Ong's immense contribution, guidance and wise counsel throughout his tenure of service to the Group and wished him all the very best in his future endeavours.

It was recorded that the retirement of Mr Ong Seng Pheow as Director of the Company at the conclusion of the 71<sup>st</sup> AGM of the Company held on 22 September 2022 be noted.

**8. DIRECTORS' FEES AND BENEFITS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2023**

Under Agenda 3, the Chairman tabled Ordinary Resolution 2 to the vote by poll:

“To approve the payment of Directors' fees and benefits up to an amount of RM5,450,000 to Non-Executive Directors for the financial year ending 31 March 2023.”

The Chairman referred the Members to the Explanatory Note 2 of the Notice of 71<sup>st</sup> AGM.

**9. RE-APPOINTMENT OF AUDITORS**

The Chairman tabled Ordinary Resolution 3, under Agenda 4, to the vote by poll:

“To re-appoint Grant Thornton Malaysia PLT, as Auditors of the Company’s External Auditors and to authorize the Directors to fix their remuneration.”

As stated in the Directors’ Report on Page 86 of the Annual Report, Grant Thornton Malaysia PLT, have expressed their willingness to continue in office.

**10. RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR**

As Special Business, the Chairman tabled Ordinary Resolution 4, under Agenda 5, to the vote by poll:

“THAT approval be and is hereby given to Dato’ Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Non-Executive Director of the Company.”

Explanatory Note 3 of the Notice of the 71<sup>st</sup> AGM set out the justification to retain Dato’ Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah as an Independent Non-Executive Director of the Company.

**11. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY TO THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO TEN PER CENT (10%) OF ITS TOTAL NUMBER OF ISSUED SHARES**

As Special Business, the Chairman tabled Ordinary Resolution 5 under Agenda 6, the full text of which is as set out in the Notice of 71<sup>st</sup> AGM, to the vote by poll.

This Resolution was to seek renewal of Share Buy-Back Authority to the Company to purchase its own shares of up to 10% of its total number of issued shares. The details and rationale for the Proposed Renewal of Share Buy-Back Authority were set out in the Share Buy Back Statement dated 29 July 2022.

The Company commenced share buy-back on 20 June 2018. Up to 21 September 2022 a total of 41.31 million George Kent shares were purchased for a total consideration of RM38.45 million i.e at an average cost per share of RM0.93. Currently all these George Kent shares are held as Treasury Shares.

**12. AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016**

As Special Business, the Chairman tabled Ordinary Resolution 6 under Agenda 7, the full text of which was as set out in the Notice of the 71<sup>st</sup> AGM, to the vote by poll.

This Resolution was to authorise Directors to allot and issue up to 10% of the total issued shares of the Company in general pursuant to Sections 75 and 76 of the Companies Act, 2016.

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The Company has not issued any new shares under this general authority which will lapse at the conclusion of the 71<sup>st</sup> AGM. A renewal of this general authority is being sought at the 71<sup>st</sup> AGM. The renewed mandate is to provide flexibility to the Company for any possible future fund raising activities including but not limited to placement of shares for purposes of funding future investments, working capital and/or acquisition.

**13. OTHER ORDINARY BUSINESS**

The Chairman informed the Members that the Company Secretary has confirmed that no notice of resolution has been received to transact any other ordinary business of the Company.

**14. QUESTIONS AND ANSWERS (“Q&A”)**

The Chairman proceeded to Q & A session. The Chairman informed the Members that the Board had received some questions from a shareholder, MSWG prior to the Meeting. The questions and the replies, presented via slides presentation, were as set out in the annexure I attached.

The Chairman informed that a few questions were received from the shareholder during the AGM, which will be dealt with after the Meeting.

**15. POLL VOTING**

The Chairman proceeded with the voting session. The Members who have not casted their votes, were allocated another five (5) minutes time to submit their votes.

The Chairman announced the closure of the voting session and declared that the AGM be immediately adjourned to enable the poll administrator and independent scrutineers to count the votes and verify the poll results.

**16. DECLARATION OF POLL RESULTS**

The Chairman called the Meeting to order for the declaration of results.

The Chairman informed the Members that the poll result had been validated by the independent scrutineers. The poll result were as follows:

	<b>FOR</b>			<b>AGAINST</b>		
	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%
<u>Ordinary Resolution 1</u> Re-election of Puan Sri Datin Tan Swee Bee as a Director	49	250,661,650	99.6905	6	778,151	0.3095
<u>Ordinary Resolution 2</u> Approval of payment of Directors' fees and benefits to Non-Executive Directors for the financial year ending 31 March 2023.	40	251,388,189	99.9795	14	51,612	0.0205

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	FOR			AGAINST		
	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%
<u>Ordinary Resolution 3</u> Re-appointment of Grant Thornton Malaysia PLT as the Company's External Auditors and to authorise the Directors to fix their remuneration	51	251,399,850	99.9842	2	39,751	0.0158
<u>Ordinary Resolution 4</u> Retention of Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah as Independent Non-Executive Director	44	251,292,071	99.9621	10	95,230	0.0379
<u>Ordinary Resolution 5</u> Approval of the Proposed Renewal of Share Buy-Back Authority	49	251,452,421	99.9991	6	2,380	0.0009
<u>Ordinary Resolution 6</u> Authorisation for Directors to allot shares	43	251,393,208	99.9815	11	46,593	0.0185

The Chairman declared that all the six (6) Ordinary Resolutions as tabled and voted at this AGM as duly carried.

**17. CLOSURE OF MEETING**

There being no other business to transact, the Chairman thanked the Members for their participation at the AGM and declared the meeting closed at 11.51 a.m.

Confirmed as the correct record  
of proceedings thereat,

.....  
CHAIRMAN

Dated : 22 September 2022

**GEORGE KENT (MALAYSIA) BERHAD**

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- Annexure I of the Minutes of the Seventy-First Annual General Meeting

**Questions received from MSWG**

1. The Group consistently recorded positive bottom-line results since 2018 despite challenges, including the Covid-19 pandemic. (Page 3 of the Annual Report 2022).

What is the financial performance prospect of George Kent in the financial year 2023 (FY2023)? Does the Board expect an improvement in the bottom-line result in FY2023?

**Reply:**

FY2023 will be another challenging year with restrictions on Covid 19 just beginning to be lifted. The Group has a long-standing track record of credible financial performance. The Board is optimistic that the Group will continue to perform well in FY2023.

2. With rising inflationary pressures due to high input prices, rising freight costs and the geopolitical uncertainties coupled with the implementation of the RM1,500 minimum wage starting 1 May 2022 weighing on the Group's margin, the Management continues to monitor closely and will take the necessary measures to mitigate against any potential impact on the financial position and operating results of the Group (Page 19 of the Annual Report 2022).

- (a) To what extent will the abovementioned factors, such as high input prices, rising freight costs, etc. impact the Group's financial position and operating results adversely?

**Reply:**

The Group has in place cost savings measures, short term as well as long term mitigation strategies to address the rising inflationary pressures which will minimise the impact to the Group's operating results.

- (b) What are the measures taken to mitigate against any potential impact on the Group's business performance?

**Reply:**

The measures are as mentioned in 2(a) besides efforts to expand the markets for its metering products as travel restrictions eased.

3. Administrative expenses increased significantly to RM4,324,000 in FY2022 from RM2,875,000 in the financial period for 14 months ended 31 March 2021 (FPE2021) (Page 91 of Annual Report 2022).

What are the reasons for the sharp increase in administrative expenses in FY2022?

**Reply:**

The higher administrative expenses is mainly attributable to write-off of product development cost relating to metering products that were shelved. The amount written-off of RM1.66 million is disclosed under note 18 of the NTFS.



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4. There is a share of losses of associates of RM2,210,000 in FY2022 (FPE2021: Share of losses of associates of RM531,000) (Page 91 of the Annual Report 2022).

- (a) Which associate companies contributed to the share of losses to the Group?

Reply:

The share of losses in FY2022 was attributed to startup costs incurred by Dynacare Sdn Bhd, a glove manufacturing company, in which the Company had in June 2021 subscribed for its share of 40% equity interest.

The share of losses of FPE2021 was in respect of losses incurred by PNG Water Ltd (PWL). Upon expiry of its Concession Agreement (CA) on 23<sup>rd</sup> June 2020, PWL incurred cost for rectification of the water treatment plant in discharging its obligation under the CA.

- (b) What are the reasons for the huge losses incurred by the associate companies in FY2022?

Reply:

As explained in 4(a).

- (c) Are any of these associate companies expected to continue incurring losses in FY2023? If so, why?

Reply:

Dynacare is a startup and will take time to stabilize. The demand for gloves is currently weak with global over stock in inventory. 2023 will remain challenging.

5. (a) What is the progress of the Group's construction of glove factory and other on-going projects? Are the Group's projects on schedule?

Reply:

The construction of the glove factory is near completion. The two hospitals have been completed and handed over to the respective clients.

- (b) Are any of the current projects facing challenges such as labour shortage, etc.? If so, what are the actions taken to manage the issues?

Reply:

Labour intensive works have been completed for all current projects.

6. The Company will continue to focus its efforts to build up its construction order book locally and pursue joint venture opportunities both locally and overseas (Page 13 of the Annual Report 2022).

- (a) What is the update on the efforts to build up its construction order book? Is the Group actively tendering for any construction projects? If so, how much contract value is expected to be awarded to the Group under the current project tenders?

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Reply:

The Group is actively tendering for new water infrastructure and hospital construction projects in the country.

The Group is also monitoring the development of all metro project potentials and is currently bidding rail related jobs locally. Potential rail tender book including MRT 3 is approximately RM8 to 10 billion.

- (b) What is the update on the efforts to build up its construction order book? Is the Group actively tendering for any construction projects? If so, how much contract value is expected to be awarded to the Group under the current project tenders?

Reply:

The Group is bidding in several infrastructure projects which we are optimistic. Appropriate announcements will be made.

- 7. Substantial resources are also being channelled towards the expansion of the Group's existing and new water meter markets worldwide (Page 13 of the Annual Report 2022).

- (a) How much total fund has been disbursed for the expansion of the existing and new water meter markets? What is the required budget for this exercise in FY2023?

Reply:

Metering is our bread and butter division. There is a continuous investment in this division to stay competitive. FY2022 is no different. We plan to increase the investment for FY2023 as the market picks up.

- (b) What is the current order level for George Kent's water meter and targeted water meter orders from markets worldwide in FY2023?

Reply:

Total current and potential orders stand over RM200 million.

- 8. Sustained efforts over the years have led to the Company being added to the lists of constituents in the FTSE4Good Bursa Malaysia Index (F4GBM) and the FTSE4Good Bursa Malaysia Shariah Index (F4GBMS) on 20 June 2022.

The F4GBM index measures the performance of public-listed companies in the FTSE Bursa Malaysia EMAS Index that demonstrate strong ESG practices (Page 11 of the Annual Report 2022).

Regarding ESG practices, what are the commitments the Company intends to meet in the next few financial years? Are there any areas for immediate improvements identified? If so, what are they?

Reply:

As Sustainability is one of the 5 areas of the Group's strategic focus, the Group is committed to continue driving its sustainability agenda and maintain its inclusion in the FTSE4Good Bursa Malaysia index and FTSE4Good Bursa Malaysia Shariah Index.

The areas that have been identified for immediate improvements include the reduction of energy consumption and Greenhouse Gas (GHC) emission through the usage of renewable energy, adoption of environmentally friendly solutions and lower water usage.